



# Mental Health and Addiction Services

## Ohio Pharmacy Services Audit

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**Audit Period: July through September 2016**

### Results Summary:

Objective	Conclusion *
Central Pharmacy Inpatient (CPI) - Pharmaceutical Processes	Improvement Needed
Central Pharmacy Outpatient (CPO) - Pharmaceutical Processes	Well-Controlled with Improvement Needed

\* Please refer to Appendix A for classification of audit objective conclusions.



## **Executive Summary**

### **Background**

The Ohio Pharmacy Services (OPS) is self-supporting and captures economies of scale by purchasing wholesale pharmaceuticals on behalf of certain state facilities and community agencies. Historically, the State spends \$40 to \$45 million annually on pharmaceuticals. OPS handles the bidding, term contracts, and direct procurement of goods and services. OPS also dispenses and delivers pharmaceuticals through the Central Pharmacy Inpatient and Outpatient services.

Central Pharmacy Inpatient (CPI) provides comprehensive pharmaceutical services and patient labeled/contingency stock prescriptions to residents of Ohio's institutional facilities (adult/youth correctional facilities, community-based correctional facilities, jails, etc.). CPI offers competitively priced medications through consolidated purchasing to state, county, or governmental inpatient settings. CPI fills an average of 4,000 prescriptions on a daily basis. During calendar year 2017, CPI plans to upgrade their processing to further utilize bar-code technology.

Central Pharmacy Outpatient (CPO) provides antipsychotic medications to patients of community mental health centers in all 88 Ohio counties. CPO assists Community Mental Health Boards with the economic purchase and dispensing of psychotropic medications to needy clients meeting specific clinical and income eligibility criteria. CPO also provides medications to those being released from Ohio institutional facilities. CPO fills an average of 200 to 300 prescriptions on a daily basis.

During the audit, OIA identified opportunities for MHA to strengthen internal controls and improve business operations over the Ohio Pharmacy Services; detailed observations have been provided below. OIA would like to thank MHA staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties. OIA conforms to the *International Standards for the Professional Practice of Internal Auditing*.

### **Scope and Objectives**

OIA staff was engaged to perform an assurance audit related to the controls over a portion of the agency's pharmaceutical processes. This work was completed between October 2016 and March 2017. The scope of this audit covered the period July through September 2016 and included reviewing controls in the Ohio Pharmacy Services' inpatient and outpatient pharmacy services.



The following summarizes the objectives of the review:

- Evaluate the design and effectiveness of controls over the administration of Central Pharmacy Inpatient (CPI) activity including processing, monitoring, and distributing pharmaceutical orders.
- Evaluate the design and effectiveness of controls over the administration of Central Pharmacy Outpatient (CPO) activity including processing, monitoring, and distributing pharmaceutical orders.

## **Detailed Observations and Recommendations**

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.

### **Observation 1 – CPI Receipt of Delivery**

An effective business process for a state agency processing and distributing goods for sale includes recording and documenting each step throughout the process, especially when they are performed by several individuals. This practice provides accountability for each task completed in the event any questions arise.

OIA tested a sample of 25 filled prescriptions processed through Central Pharmacy Inpatient (CPI) to verify if the Receipt of Delivery forms were completed in full with signatures from the CPI packer, delivery driver, and a nurse at the receiving institution. There are designated areas on the Receipt of Delivery form for these signatures. OIA noted:

- 7 of 25 (28%) Receipt of Delivery Forms (all July) could not be located from the warehouse where they are stored. OIA could not confirm that medications shipped were received for the 7 forms selected in July. However, management has reported that because the area is under renovation and many old records were sent for destruction, it is likely the box containing the July forms was included for destruction, though that was not originally intended.
- 16 of 18 (89%) Receipt of Delivery forms reviewed were missing the CPI packer's signature.
- 2 of 18 (11%) Receipt of Delivery forms were fully completed with appropriate signatures.

By not having all individuals evidence their roles in processing prescriptions and not maintaining proper support increases the risk that medications are lost, stolen, or tampered with during processing and distribution.



Recommendation		
<p>The CPI packer(s) should sign off in the designated area on the Receipt of Delivery form to evidence the final check when they pack the brown bags and place them into the blue totes that are locked. Additionally, management should reinforce staff’s awareness and conformance with the pertinent record retention policies to ensure all documentation is accounted for appropriately.</p> <p>MHA Pharmacy Services and agency management could consider the cost/benefit of adding tracking devices to their delivery vehicles, as this may increase accountability of the drivers and products being shipped, as well as driver safety. This could also be used to help verify tracking/delivery of goods.</p>		
Management Response		
<p>OPS has developed and implemented a Standard Operating Procedure. OPS transportation is taking the responsibility for the management of all delivery receipts. The CPI procedure manual has also been updated to include specific instructions for completing the delivery receipt to include the packer’s signature.</p> <p>Your recommendation for tracking devices on our delivery vans has been passed on to OHIOMHAS’ Security Consultant.</p>		
Risk *	Remediation Owner	Estimated Completion Date
<b>Moderate</b>	Ohio Pharmacy Services Chief	April 2017

Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested above. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.

\* Refer to Appendix A for classification of audit observations.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

### Classification of Audit Observations

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee